

AUSTRIAN TREATY NEGOTIATIONS

I. At the Moscow conference (April 11-15)
Austria and the Soviet Union agreed to⁹
make a separate agreement on the economic
terms of the State Treaty, which would
supercede the reparation terms found in
Article 35 of draft Treaty.

A. Under new agreement, USSR would

liquidate all its economic holdings
in Austria.

B. In turn, the Austrians would:

1. Ship 1 million tons of oil a year
to the USSR annually for 10 years,
in payment for the return of oil
property.

2. Pay the equivalent of 150 million
dollars in goods, in six equal annual
installments, for the immediate
return of the estimated 240 industrial
and commercial businesses now
controlled by Soviet Enterprises in
Austria. (USIA)

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3. Pay the USSR 2 million dollars
for the return of the Danube
Shipping Company assets in the
Soviet Zone.

II. The Western Powers in current negotiations
are aiming to include the Austro-Soviet
bilateral agreement in the Treaty. This
could be done by:

Substituting Moscow agreement for
Article 35, *or*

3. Making it an annex to the Treaty,
referred to in Article 35, *or*
refer the Agreement in Article 35,
in order to include agreement in the
treaty mechanism for the settlement
of disputes over interpretations of the
treaty (Article 57).

III. Essence of dispute is:

- A. The Western powers fear that they have
no means of insuring that the USSR will
abide by the terms of the bilateral
agreement unless some reference such